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SUBJECT: EUR A/S GORDON'S JULY 3 MEETINGS WITH THE EU
POLITICAL DIRECTORS

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Classified By: CDA LAURA J. KIRKCONNELL FOR REASONS 1.4(B) AND (D)

SUMMARY

¶1. (U) Assistant Secretary for European and Eurasian Affairs Phil Gordon met with the 27 EU Member State Political Directors in Stockholm July 3. He then met with the EU Political Directors "troika," comprising Swedish PolDir Bjorn Lyrvall, EU Council Secretariat DG Robert Cooper, EU External Relations Commission PolDir Karel Kovanda, Spanish PolDir Alfonso Lucini, and EU Council Secretariat Policy Coordinator Helga Schmid.

¶2. (C) On Iran, A/S Gordon emphasized that post-election developments have not altered the Obama Administration's fundamental approach to the nuclear question, and UK PolDir Mark Lyall-Grant urged the EU to be in position "to move rapidly" with new sanctions at the beginning of the Spanish EU Presidency in January 2010. On the Middle East peace process, the United States was focused on creating the conditions necessary for peace before proposing full-scale negotiations. This would require a stop to Israeli settlements and efforts to build up Palestinian security capacity and an end to violence and incitement. French PolDir Gerard Araud raised the possibility of an EU security force in support of a possible agreement. Regarding the U.S.-Russia relationship, Gordon said that the Russians are testing the Obama Administration to see if it will compromise on its principles; it won't.

IRAN

¶3. (C) Swedish MFA Political Director Bjorn Lyrvall opened A/S Gordon's discussion with the EU 27 PolDirs by noting growing concern over internal developments in Iran following last month's presidential elections. Terming as "outrageous" regime statements blaming the unrest on foreign actors, Lyrvall discussed the importance of EU unity in response to the detention of local employees of the British embassy in Tehran and noted that the EU Political Directors had discussed "possible responses" to the detentions during their meetings earlier in the day. Asked to brief on the nuclear file, EU DG for External and Politico-Military Affairs Robert Cooper replied that he had little to say. The post-election unrest in Iran seemed to entail "no new cooperation, perhaps rather less," and the Iranian regime was now weaker and less legitimate. Cooper continued that "the prospects look difficult" for a meaningful Iranian response to the P5 1 offer, and that we had always seen this year as the key year for addressing this issue. Cooper concluded that, in the

second half of this year, we must have "the beginning of a breakthrough."

14. (C) In his introduction, A/S Gordon expressed the importance the Obama Administration attaches to working with Europe, stressing that the U.S. realizes that it cannot handle matters alone and that Europe is our most natural foreign policy partner. Concerning Iranian election unrest, he said that the Administration's policy had denied the regime the opportunity to blame the U.S. so now it was turning to the UK. Asked about links between the post-election domestic situation and the negotiations on the nuclear file, A/S Gordon suggested that the regime might pursue one of several options. It might decide to engage the P5 1, which A/S Gordon (and other EU PolDirs) assessed as unlikely. Or it could pretend to engage, while forestalling meaningful action. Lastly, it could refuse any dialogue.

15. (C) While now is not the time for the USG to increase its engagement, it is also not the time to reduce it, Gordon continued. The President's approach would continue to highlight the path Iran would need to take to address international concerns. But the clock was ticking as long as enrichment continued, Gordon added, so he urged the PolDirs to start thinking now about actions they might need to take by the end of the year to increase pressure on Tehran. "Each day that passes sharpens the binary choice between accepting a nuclear Iran or a military strike, either by Israel or the U.S.," Gordon continued. The successful development of a nuclear capability by Iran would spell the death of the Non-Proliferation Treaty, he concluded, because the international community would not be able to maintain credibility with other would-be nuclear powers.

16. (C) UK Political Director Lyall-Grant agreed that the prospects for negotiations with Iran were not good, but

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argued that the P5 1 must persevere "because the alternatives are grim." If talks do not yield progress soon, then the EU must "discreetly" think about additional sanctions even in the absence of a UN Security Council resolution, which would be unlikely given the Russian and Chinese positions. The EU should be in position "to move rapidly" at the beginning of the Spanish EU Presidency (in January 2010) with a set of sanctions that are "very substantive" in the areas of "trade, banking and possibly the hydrocarbons sector." He also expressed gratitude for U.S. and EU solidarity with the UK concerning its local embassy employees in Tehran.

17. (C) Iran was turning into "a military dictatorship with an extremist ideology," stated German Political Director Volker Stanzel. Therefore, the international community must not "play the game the Iranian leaders want" and must not escalate in response to Iranian escalations. Rather, engagement with the Iranian opposition should continue where possible. Moreover, the international community should press Tehran for a "yes/no" answer to the P5 1 proposal by the time of the UN General Assembly in September. Efforts to keep Russia and China "in the boat" would be important, but even without them the EU and United States should "go ahead anyway" with additional autonomous sanctions.

18. (C) Spanish PolDir Alfonso Lucini noted "consensus that we need to prepare a Plan B," but asked whether enhanced sanctions would "be enough" if Russia and China were not on board. Saying he preferred further UNSC action on Iran, A/S Gordon acknowledged that PRC leaders' concerns regarding China's internal stability*which requires sufficient oil imports to maintain economic growth*was a key factor in PRC policy on Iran. And while Russia did not want to see a nuclear Iran, it might also be motivated by a desire to ensure that the United States and the EU do not enjoy a major foreign policy success in the Middle East. Indeed, some in Moscow might see advantages for Russia if Israel or the United States used force against Iran, which in their view

would seriously damage U.S. standing in the region, as well as dramatically increase the price of oil. Even if Russia and China refused to support a new UNSC, joint U.S.-EU actions would have a powerful impact on trade -- and be a powerful statement with respect to regime legitimacy. And if there were no new effort on sanctions, that failure to act would send a message to the rest of the world about the low risk of pursuing a nuclear program.

MIDDLE EAST PEACE PROCESS

¶9. (C) Turning to the Middle East peace process, A/S Gordon noted that after extensive consultations in the region, Special Envoy Mitchell had concluded the time was not ripe for full-scale negotiations between the Israelis and Palestinians. Rather, the conditions for successful negotiations needed to be created first. The United States had "visibly and publicly" called for Israel to halt all settlement activity, which helped create an atmosphere in which we could ask that Arabs do hard things as well. S/E Mitchell has been urging Arab governments to support the Palestinian Authority's security services in an effort to enhance security in the West Bank and Gaza. The U.S. saw no logic to engagement with Hamas until it renounces violence and recognizes all past agreements, A/S Gordon continued. While the U.S. and EU both need to remain engaged with both the Israelis and the Palestinians, there might be benefits in Washington focusing its efforts on getting a stop to settlement activity while the EU focused on efforts to build security in the PA-administered territories.

¶10. (C) Lyrvall said the EU very much welcomed the U.S. approach and the President's Cairo speech. The gap between the Israelis and Palestinians is very deep. Greek PolDir Tryphon Paraskevopoulos stated that "no one in the Middle East thinks Iran will actually use nuclear weapons against Israel." Rather, they think Israeli concerns over the Iranian nuclear program are motivated by a desire to not lose their strategic dominance. He noted that whenever the international community took actions against Iran, Iran responded by firing up Hamas and Hizbullah to cause trouble. A regional approach, therefore, was needed, including improved ties with Syria. The Greek PolDir concluded elliptically that Qatar and Saudi Arabia needed to "stop playing with fire." A/S Gordon noted that Syria is the conduit for Iranian arms into the region, and that U.S. diplomacy is focused on weaning Syria away from Iran.

¶11. (C) French PolDir Araud said that we should not get into any prolonged negotiations with the Israelis on settlements;

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the core issue is negotiations between the Israelis and Palestinians. The Knesset is unable to act. We already know the parameters of the peace agreement. If there is no strong international commitment to working this, the parties will not negotiate, he said. Nothing will be possible if the U.S., the EU, and the Arab states are not united in pressing both sides. He also raised the possibility of an EU security force in support of a possible agreement. A/S Gordon agreed with Araud on settlements, but said that we need to improve the context for real negotiations by making progress on smaller issues, and that the U.S. call for stopping settlements resonates with the Arabs, and helps with asking them for funding for the PA and reaching out to Israel.

AFGHANISTAN/PAKISTAN

¶12. (SBU) A/S Gordon outlined the significant steps the Obama Administration was taking in Afghanistan: 21,000 additional troops, the appointments of SR Holbrooke, LTG McChrystal, Amb. Eikenberry, as well as certain changes in strategy such

as on narcotics. He asked that European governments do more to explain to their publics that the EU is not helping the Americans with "an American war." Afghanistan and Pakistan are global problems with serious security and humanitarian concerns for Europe. Lyrvall agreed, pointing to ongoing discussions within the EU on doing more on the civilian side, and noting that the upcoming Afghan elections were crucial. European Commission PolDir Kovanda stated that the EU will deploy 250 observers from Member States, PRTs and local missions to monitor the elections along with 8,000 Afghan observers, and expressed gratitude for NATO's indispensable in extremis support.

RUSSIA

¶13. (C) At Lyrvall's request, A/S Gordon offered some impressions to the group on U.S. relations with Russia. He said that we are looking to restore relations while also stressing our core principles; e.g., no spheres of influence, democracies have the right to choose alliances, and non-recognition of Abkhazia and South Ossetia. The Russians, for their part, are exploring U.S. willingness to compromise in the name of better relations, which we will not do. A/S Gordon said that with regard to the Medvedev proposals, the U.S. is not prepared to compromise on European security. Lyrvall asked about expectations for the Moscow Summit. A/S Gordon said we were not trying to overstate expectations, but we are talking seriously with the Russians on arms control and Afghanistan. Lithuanian PolDir Eitvydas Bajarunas urged a common U.S.-EU approach on Belarus and Georgia, and A/S Gordon replied that we can only interpret the Zeltser release as an expression of Belarus's interest in better relations, and that he was planning to go to Belarus himself. He said Georgia was a good example of the U.S. not compromising its principles in the name of better relations with Moscow-- in fact, Russia had been isolated on decisions regarding OSCE and UNOMIG) and he noted the Vice President's upcoming trip to Georgia and Ukraine.

TROIKA MEETING

¶14. (U) After his meeting with EU27 PolDirs, Gordon held a smaller meeting with the EU Political Directors "troika," comprising Swedish PolDir Bjorn Lyrvall, EU Council Secretariat DG Robert Cooper, EU External Relations Commission PolDir Karel Kovanda Kovanda, Spanish PolDir Alfonso Lucini, and EU Council Secretariat Policy Coordinator Helga Schmid. This smaller discussion focused on Russia, the Eastern Partnership region, the Western Balkans, and non-proliferation.

RUSSIA

¶15. (C) A/S Gordon conveyed that the U.S. may be making some progress with Russia on START follow-on negotiations, and may also be making progress with regard to cooperation on Afghanistan. We have little to no progress to report regarding Georgia. The Russians are testing the Obama Administration to see if it will compromise; it will not. Lyrvall commented that there have been no breakthroughs in EU-Russia Partnership and Cooperation Agreement (PCA) negotiations, and noted that the Russians see the EU's

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Eastern Partnership initiative through a zero-sum lens; if it encourages closer EU ties with six former-Soviet states, it must be anti-Russia. Lucini recommended engaging Russia in the Eastern Partnership through cooperation on concrete projects. Helga Schmid praised the OSCE Ministerial in Corfu for its emphasis on the indivisibility of Euro-Atlantic

security.

GEORGIA

¶16. (C) Schmid commented that the Geneva process is useful because it is the only venue which includes all parties to the Georgia conflict. She encouraged the U.S. to press Georgia to work with the Abkhaz; the Abkhaz have been rebuffed in their overtures to the Georgians, and are left with no option but to seek Russia's support. Kovanda similarly urged outreach to the Abkhaz; they are looking for some daylight with the Russians, and we should help. EU negotiations on visa facilitation with Georgia are not going well. Lucini said we need to let Georgians know we support them without giving Saakashvili "a blank check."

¶17. (C) A/S Gordon said the Georgians have shown reasonable restraint with protesters lately, marking a departure from previous behavior. Vice President Biden's upcoming trip to Georgia will emphasize the need to strengthen democratic institutions. A/S Gordon inquired about potential U.S. participation in the EU's Georgia monitoring mission. An American contribution*either official USG or via NGOs--would showcase our commitment, and could potentially deter future Russian misbehavior. Schmid noted that U.S. participation would also mean opening the mission to Turkey and Ukraine; U.S. political support might be preferable. Cooper agreed that it would be hard for the EU to resist Turkish participation in the EU monitoring mission if the U.S. participated, as Turkey is an EU candidate country. Turkish participation would not necessarily be a bad thing, but it would "need some thinking about."

BELARUS

¶18. (C) Schmid said the Belarusians are under huge pressure from Russia to recognize Abkhazia and South Ossetia; the Belarusian FM told her so personally at Corfu. Belarus is bankrupt, and therefore vulnerable to Russian exploitation. The EU is looking into possible European Bank for Reconstruction and Development and IMF support, on the order of two to three billion dollars. Schmid said "I don't like Luka, but(" the Zeltser release was clearly intended as a signal.

EASTERN PARTNERSHIP

¶19. (C) A/S Gordon said the U.S. understands this; we would like to associate ourselves with the EU's Eastern Partnership initiative. Lyrvall said an EU-Ukraine FTA is looking increasingly unlikely due to Ukrainian squabbling; Moldova is likewise "a mess." It is difficult to anchor those countries into the European integration process. On Armenia, A/S Gordon said that resolving Nagorno-Karabakh is the key to unlocking Turkish-Armenian relations, and consequently regional energy supplies. The Russians have been reasonably productive on this account, but it is unclear whether they are just going through the motions or are seriously engaged, particularly as a Nagorno-Karabakh solution would facilitate a Southern Corridor gas route. Cooper asserted that if the Russians really wanted to resolve Nagorno-Karabakh, they would have done so already. On Ukraine, A/S Gordon asserted that the U.S. does not want to unconditionally bail Ukraine out of its economic troubles. We should let IFIs (particularly the IMF) help Ukraine. The U.S. and EU need to urge Ukraine's unwilling government to take difficult steps in this regard.

WESTERN BALKANS

¶20. (C) Pointing to EU High Representative Solana/Vice President Biden's and Swedish FM Bildt/Deputy Secretary Steinberg's recent joint engagement in the Balkans, A/S Gordon said the more high-level U.S.-EU cooperation we can organize in the Balkans, the better. Lyrvall said that Sweden wants to keep the EU's enlargement agenda moving

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during the Swedish Presidency. Montenegro's application is with the Commission, and Macedonia may receive a relatively positive EU progress assessment. Fairly or unfairly, Macedonia may have to compromise on the name issue in order to move forward on EU accession. In Serbia, implementation of the interim agreement is "deadlocked," and Dutch FM Verhagen's recent trip to Serbia is unlikely to assuage the Netherlands' concerns.

¶21. (C) On Bosnia and Herzegovina, FM Bildt and Deputy Secretary Steinberg planned to meet the following week to discuss the Prud process. It is critical that BiH takes ownership of the 5 2 process, Lyrvall said. The EU is enthusiastic about a transition in BiH as long as the conditions are met. There has to be recognition that the EUSR mission would be less "intrusive"; rather, the EU would present a "pull factor" for reform, he added. EU enlargement policy has been a successful incentive for reform elsewhere in the region. A significant shift in the Althea mission should not take place until transition is secure on the civilian side, Lyrvall concluded. Cooper said there might come a point where we need to "force the issue" of state property; if we do not resolve this before the autumn PIC, then we'll lose two years because of the Bosnian elections. Cooper added that after a "miserable" PIC, we should insist on conditionality. BiH Croats have gotten the message from Zagreb to be productive.

¶22. (C) A/S Gordon asked whether the Swedes might invite the parties and the U.S. to Stockholm to resolve the state property issue. The U.S. agrees that OHR is not doing well, but we are reluctant to take away the crutch and make a leap of faith. He recounted a side conversation with French PolDir Gerard Araud, who said that if we wean the Bosnians off of the "drug" of OHR, then the EU can be the "methadone." Furthermore, to conduct a military transition at the same time as the OHR/EU transition would send the wrong signal and might invite problems. Lucini said EU member states are talking to their militaries about the need to stay in BiH, but militaries are pushing back. Lyrvall conceded the need for "a comfort blanket."

¶23. (C) On Macedonia, A/S Gordon said the U.S. is still letting UNSR Nimetz lead, and noted that Deputy Secretary Steinberg has talked to the Greeks. While the Macedonians need to "climb down" on issues such as naming their airport, they have a reasonable case on other topics such as their language, the name of their citizenship, etc. Some "climbing down" is needed on both sides.

¶24. (C) On Serbia, A/S Gordon said that while we haven't spoken to ICTY prosecutor Brammertz, the U.S. is trying to provide further FBI and forensic assistance. The U.S. is trying to determine what Serbian steps are required in order to get the Dutch on board with Serbia's EU accession process. What is the gap between "full Serbian cooperation" and what the Serbs are currently doing, and how can it be filled? Cooper said we are caught in a vicious circle with Brammertz, who feels he cannot utter the words "full cooperation" but is trying to indicate as much in other terms.

¶25. (C) On Kosovo, Lyrvall noted the sensitivities raised by the fact that five EU member states do not recognize Kosovo's independence. However, even these recalcitrant member states would like to move forward with Kosovo's Euro-Atlantic integration. Lyrvall noted the issue of visa liberalization in the Balkans, and said the EU has leverage on the Serbs in this regard. Cooper stated that we have had some small

successes in Kosovo and some failures. The Battle of Kosovo Polje anniversary passed without incident, with the Serbian royal family making some usefully anodyne speeches. But decentralization in Kosovo will not succeed. Serbian President Tadic has said that Serbia cannot call on Kosovo Serbs to vote in Kosovo's elections. EUSR for Kosovo Pieter Feith thought we should think of 2011 as a deadline for bringing the ICO process to an end: according to Feith, once a state is up and running, the international community should step back. The "six point" agenda is largely dead. A/S Gordon relayed that Deputy Secretary Steinberg told Kosovo leaders that their comments on UNMIK were not helpful.

NON-PROLIFERATION

¶26. (C) Lyrvall said that the EU was very encouraged by the Obama Administration's approach on non-proliferation. A/S Gordon said that the Administration is serious about the goal of a world free of nuclear weapons, but realistic. If the international community hopes to promote a Fissile Material

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Cut-off Treaty and create an international nuclear fuel bank, we must back the IAEA with resources. The Administration will try to get the Comprehensive Test Ban Treaty ratified; the prospects for ratification are uncertain, but are better now than before, in part due to improvements in scientific modeling over the past ten years. Regarding START talks with Russia, the Administration seeks a framework that permits fewer weapons than the Moscow Treaty and that also includes delivery vehicles and warheads. Both sides want an agreement, but ratification is always a question. Raising Iran, Cooper pointed out that a nuclear-armed Iran would "blow the NPT out of the water." If we allow Iran to develop the bomb, how can we credibly say "no" to the Egyptians and the Saudis?

¶27. (U) Assistant Secretary Gordon has cleared this cable.
KIRKCONNELL